Economic Review 2010
St. John's Metropolitan Area

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2010 Performance

Real Gross Domestic Product (GDP) attributed to the St. John's Census Metropolitan Area (CMA) is estimated to have increased by 5.0% in 2010 to $9.8 billion (in 2002$)—in comparison to an increase of 5.4% for the province as a whole. The increase is primarily due to increased capital expenditures and increased oil production. Other industries contributing to growth in 2010 include Professional, Scientific and Technical Services; Wholesale and Retail Trade; and Finance, Insurance and Real Estate and Business Support Services. Excluding the oil and gas industry the CMA's 2010 real GDP increased by 4.4%. Increases in government spending, wage gains, and general optimism with respect to future mega projects continue to boost economic activity in the CMA.

Employment in the CMA increased by 3.3% (or 3,300) to 102,500—goods sector employment was basically unchanged decreasing by 0.7% (or -100) to 14,800 while service sector employment increased by 3.9% (or 3,300) to 87,700. Service sector employment gains were led by increases in Public Administration; Other Services; and Accommodation and Food Services. The labour force of the CMA increased by 2.4% (or 2,600) and since labour force growth was less than employment growth the unemployment rate decreased by 0.7 percentage points to 7.6%.

Strong employment growth and wage gains boosted labour income – as a result, personal income increased by 5.4% to $7.6 billion. Retail sales are estimated to have increased by 4.5% in the CMA in comparison to an estimated increase of 3.4% for the province and an increase of 4.8% for Canada.

Over the January to November 2010 period, the value of non-residential building permits issued in the CMA increased by 190.3% (to $316.7 million) compared to the same period in 2009 and the value of residential building permits increased 23.4% (to $445.8 million). Housing starts are estimated to have increased by 6.6% in 2010 to 1,816 units. Housing construction remains robust due to low interest rates, personal income gains and continued high levels of consumer confidence. Furthermore, rapidly increasing house prices (up 14.8% in 2010) are boosting household wealth, although signs of stabilization are emerging. The population of the St. John's CMA increased by an estimated 1.2% last year. The CMA population has increased steadily over the past decade and now stands at 190,000.

Outlook for 2011

Real GDP growth is expected to be strong again in 2011, driven by a significant increase in mega-project investment (e.g., nickel processing facility at Long Harbour, Hebron engineering activity, Hibernia and White Rose expansions, Terra Nova scheduled maintenance, and Lower Churchill development). Private sector industries related to this investment, such as Construction; Professional, Scientific and Technical Services; and Wholesale and Retail Trade, are all expected to exhibit solid performance in 2011. Although oil production is expected to experience a slight decline in 2011, this decrease is expected to be more than offset by higher prices and subsequent increase in production value. Continued employment gains and wage growth are expected to fuel further growth in consumer spending.

Economic Indicators
St. John's Metropolitan Area, 2009–10

	2009	2010e	% Change 2009-10
Real GDP (2002$M)	9,359	9,831	5.0%
Employment	99,200	102,500	3.3%
Labour Force	108,200	110,800	2.4%
Unemployment Rate	8.3	7.6	-0.7 pp.
Participation Rate	68.7	68.9	+0.2 pp.
Personal Income ($M)	7,244	7,633	5.4%
Retail Trade ($M)	3,146	3,287	4.5%
Housing Starts	1,703	1,816	6.6%
CPI (2002=100)	114.7	117.4	2.3%
Population	187,596	189,847	1.2%

Source: *Statistics Canada; CMHC; Department of Finance*

Note: The St. John's Census Metropolitan Area is a Statistics Canada geographically defined area including St. John's and neighbouring communities

ST. JOHN'S
DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM & CULTURE
348 Water Street
709-576-8107
business@stjohns.ca

Prepared by Department of Finance (Economic Research and Analysis Division) and the City of St. John's (Department of Economic Development, Tourism & Culture)

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